APPENDIX "A".

Extracts from

"Proceedings of the Thirteenth Annual Conference on Tax ation under the Auspices of the National Tax Associatio held at Baltimore, Maryland, October 25-28, 1937."

(Afternoon session, October 27, 1937, discussion of the assessment of railroad property.)

(pp. 294-5)

"James C. Bonbright (New York): Thank you, Mr. Chair man. I beg your indulgence for a minute or two.

The point that I wanted to raise is a point implicit, think, in Mr. Ford's statement, but so important that I b lieve it ought to be made explicit. That is, that the use c the unit rule cannot possibly result in the ascertainment c the true value of that part of the railroad which lies in an one state. The rule is good, but it is not applicable to tha particular case. If you want to reach the true value of an part of an organic whole, you have to proceed on the a sumption that the sum of the values of the parts does n equal the value of the whole. That is almost an econom axiom.

You can't find, by any process of allocating the syste value of the Lackawanna Railroad, for example, what t Lackawanna properties in New Jersey are really worth taking system value and by allocating to New Jersey son percentage and then allocating to Pennsylvania the remai ing percentage after deducting that New Jersey percenta from 100. It won't work.

The value of the Lackawanna properties in New Jers plus the value of the Lackawanna properties in Penns

vania exceeds the value of the whole. So that it seems to me that discussions as to whether we should use mileage formulas, whether we should use traffic statistic formulæ, and so on, discussions of that sort, are discussions *in vacuo*, if we assume that they are designed to determine the true value of the property.

The state of New Jersey, it seems to me, and not the railroads, is more nearly right in insisting that its method will get the true value of these properties in New Jersey. That is, that its method will come closer to determining how much the Lackawanna Railroad as a system would suffer were it to be bereft of its New Jersey properties.

It so happens that I don't like to use a true value as a basis on which to evaluate any portion of an organic whole for tax purposes. But that is just a preference. That is a policy matter. The problem, then, of determining your proper allocation formula is not the problem of finding out what formula reaches some supposed objective, namely, what the properties are really worth; it is rather the problem of creation, the problem of deciding as a matter of good public policy whether people will be happier if you use a mileage formula or if you use some alternative formula."

APPENDIX "B".

Depression Tax Burdens.

The following published statistics show the affects of the depression upon state and local finances in New Jersey for the years 1931-1936, unless different periods are indicated:

(a) *Direct relief:* $189,669,801; all but $75,438,413 (federal contribution) was sustained by the taxpayers of the state *(Statement, Jan. 7, 1941, Bureau of Statistics, N. J. Municipal Aid Adm.).*

(b) *Relief work—W. P. A.;* $111,689,000; state share.

(c) *C. C. C. Camps;* $17,296,000; state share.

(d) *Categorical Relief;* $15,246,000; state share.

(e) *Hospitalization and Miscl.;* $8,400,000; state share.

Items (b), (c), (d) and (e) cover the years 1935-6 only *(State Taxpayers Assn., "Taxegram", Jan., 1941, (p. 25);* previous figures not available in published form.

(f) *Bonded indebtedness* (increase) 109 million dollars; annual increase in interest charges, $4,650,000, and sinking fund charges, $12,520,000 *(Statement, Jan. 9, 1941, State Comptroller).*

(g) *Decrease in tax ratables:*

Existing railroad property, 138 million dollars. *(Statement, Feb. 16, 1940, State Tax Dept.)*

Existing railroad property used by plaintiffs, 46½ million dollars *(Ex. D-114)*.

Non-railroad property, 581 million dollars *(Ex. D-113)*.

(h) *Public Revenue;* total *collected* from taxpayers for state and local purposes (including railroad *real estate* taxes that were paid).

1931	$336,466,221
1932	335,643,663
1933	299,218,341
1934	302,680,579
1935	307,316,103
1936	340,184,525

("Taxegram", September 1939, pp. 12-13.)

(i) *Department of Institutions and Agencies (N. J.);* miscellaneous expenditures for dependent children, old age assistance, blind persons, institutional maintenance. *(Statement, N. J. Department of Institutions and Agencies, Division of Statistics and Research, Jan. 16, 1941.)*

AID TO DEPENDENT CHILDREN

(State Board of Children's Guardians)

Fiscal Year	Total Amount	Source of Contribution		
		Federal	State	County*
1939	$5,678,121.48	$1,268,371.29	$2,200,177.95	$2,209,572.24
1938	5,125,389.06	1,113,828.06	2,011,490.33	2,000,070.67
1937	4,729,200.03	977,385.99	1,869,233.89	1,882,580.15
1936	4,209,712.77	268,764.87	1,951,269.55	1,989,678.35
1935	3,906,923.00	—	1,510,307.45	2,396,615.55
1934	3,699,464.08	—	1,169,487.84	2,529,976.24
1933	4,232,626.78	—	—	4,232,626.78
1932	5,008,822.06	—	—	5,008,822.06
1931	4,077,874.85	—	—	4,077,874.85
1930	3,386,670.54	—	—	3,386,670.54

* County shares includes contributions from municipalities, parents, trustees and clients.

OLD AGE ASSISTANCE* EXPENDITURES IN NEW JERSEY

Fiscal Year	Total	Source of Contribution		
		Federal	State	County
1939	$6,419,633	$3,170,166	$2,447,024	$ 802,443
1938	5,443,943	2,687,945	2,075,532	680,466
1937	4,182,806	2,068,206	1,591,760	522,840
1936	2,770,624	371,455	1,799,377	599,792
1935	2,097,056	—	1,572,792	524,264
1934	1,567,236	—	1,175,427	391,809
1933	1,204,163	—	903,122	301,041

* Instituted 1931.

AID TO THE BLIND

(State Commission for the Blind)

Fiscal Year	Total Amount	Source of Contribution		
		Federal	County	State
1939	$162,363.26	$80,373.13	$81,990.13	—
1938	143,658.19	71,241.60	72,416.59	—
1937	119,806.49	59,586.01	60,216.45	4.03
1936	110,780.62	—	110,009.76	770.86
1935	103,118.82	—	102,147.37	971.45
1934	92,103.30	—	91,048.22	1,055.08
1933	88,617.46	—	87,454.96	1,162.50
1932	74,689.66	—	73,924.49	765.17
1931	51,242.70	—	51,162.70	80.00
1930	39,093.94	—	39,093.94	—

STATE INSTITUTIONAL CURRENT MAINTENANCE COSTS

Fiscal Year	Total Amount
1939	$8,539,187.11
1938	8,684,501.65
1937	7,529,480.13
1936	7,370,848.62
1935	7,140,789.13
1934	6,969,855.99
1933	6,822,006.21
1932	8,030,624.05
1931	7,768,181.07
1930	7,325,187.87